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PA 11-17  
PA EX 11-15

To: Participating Agency Health Benefit Administrators

From: Robert W. DuBois, Director of the Employee Benefits Division

Subject: Empire Plan Quarterly Experience Report

Date: September 14, 2011

Enclosed are the Second Quarter Empire Plan Experience Report for 2011 and the cover letter to the Chief Executive Officers. This report presents the projected 2011 Empire Plan experience and the projected 2012 premium rates.

Enclosures



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September 14, 2011

Dear Chief Executive Officer:

Attached is the Empire Plan Second Quarter Experience Report for 2011. This report presents the projected 2011 Empire Plan experience, based on claims paid through June 30, 2011, and the projected 2012 premium rates.

For the 2011 Plan Year, the Empire Plan carriers project a net surplus of \$65.7 million, 1.0% of premium. This report presents the basis for these projections and future reports will include a revised projection based on additional claims experience.

In Exhibit II, you will find the 2012 premium rates projected by both the Department and the Empire Plan carriers. These projections include a tentative dividend application amount of \$177 million, \$193 million less than the amount loaded in the 2011 rates, as well as a tentative \$48.6 million credit for monies received from the Early Retirement Reinsurance Program (ERRP). ERRP was established by the Affordable Care Act and is a temporary Federal program which became effective June 1, 2010 and ends no later than January 1, 2014. ERRP provides reimbursement to employer and union sponsors of participating employment-based plans for a portion of the cost of health benefits for early retirees and their spouses, surviving spouses, and dependents. The Department filed an application for the ERRP subsidy on behalf of all NYSHIP participants. ERRP subsidies received by NYSHIP will be credited to all payors, as is done with earned dividends and earned interest.

The insurer driven "best estimate" projected net premium increases for 2012 are 13.6% in aggregate for The Empire Plan and 13.1% in aggregate for The Excelsior Plan. The Department projects 2012 net premium increases of 10.1% and 9.8% for The Empire Plan and The Excelsior Plan, respectively, using the dividend and ERRP application assumptions presented above.

Given the fiscal challenges that the State and its localities continue to face, our goal is to develop 2012 NYSHIP rates that are as low as possible. The rate development and carrier negotiations will begin this month. We intend to aggressively negotiate each premium element and include both retrospective premium agreements with the carriers and the application of dividend and ERRP monies to the rates to accomplish this goal. However, it is important to recognize that given the application of substantial dividend amounts to the 2009, 2010 and 2011 rates coupled with the relatively low earned dividend for 2009 and 2010, the dividend available to apply to the 2012 premium rates is more limited. Therefore, the percentage increase in the 2012 net premium is expected to be modestly higher than the increases in recent Plan trend. Please be assured that we will consider every possible option for achieving as low a rate of increase as possible for 2012 while promoting rate stability for the near future.

I hope this report is informative. If you have any questions, comments or suggestions, please don't hesitate to contact me.

Sincerely,

Robert W. DuBois, CEBS  
Director  
Employee Benefits Division



**PARTICIPATING AGENCIES**

**EMPIRE PLAN  
2011 Second Quarter  
Experience Report**

**Prepared by the State of New York  
Department of Civil Service**

# **EMPIRE PLAN EXPERIENCE REPORT**

## **SECOND QUARTER**

**Produced for**

**PARTICIPATING AGENCIES IN THE**

**NEW YORK STATE**

**HEALTH INSURANCE PROGRAM**

**by**

**the Employee Benefits Division**

**New York State Department of Civil Service**

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### **EXHIBITS**

- I.** Projected 2011 Empire Plan Experience
- II.** Projected 2012 PA Premium Rates
- III.** Empire Plan PA 5-Tier Group Rates (2003-2012)
- IV.** Empire Plan PA 2-Tier Group Rates (2003-2012)

- *NYSHIP News*

**NEW YORK STATE HEALTH INSURANCE PROGRAM  
PARTICIPATING AGENCY GROUP  
EMPIRE PLAN EXPERIENCE REPORT  
2nd QUARTER REPORT**

**PROJECTED 2011 EMPIRE PLAN EXPERIENCE**

The Empire Plan carriers project that the 2011 premiums, which included no margin, will generate a composite surplus of \$65.7 million (1.0% of premium). The 2011 annual experience projected by the insurance carriers is reported in Exhibit I.

This projection is based on six months of 2011 paid claim data. The following chart presents the percentage of the projected incurred claims actually paid as well as the most recent projected 2011 trend as compared to the trend assumed during the 2011 premium rate development:

	<b><u>% of Paid Claims to Projected</u></b>		<b><u>Projected 2011 Trend</u></b>	
	<b><u>Incurred Claims</u></b>			
	<b><u>2010</u></b>	<b><u>2011</u></b>	<b><u>@ Final Renewal</u></b>	<b><u>@ 2011 2nd Quarter</u></b>
Blue Cross Hospital	99.1%	37.7%	11.9%	11.5%
UHC Medical	99.7%	39.9%	8.7%	6.2%
UHC MHSA	98.0%	35.1%	8.0%	12.8%
UHC Rx	99.9%	46.7%	11.8%	10.6%

The 2011 projected dividend for each carrier as compared to the margin level used in the 2011 premium development is as follows:

	<b><u>Margin</u></b>	<b><u>2011 Projected</u></b> <b><u>Dividend/(Loss)</u></b>	<b><u>Increase/(Decrease) over</u></b> <b><u>Margin</u></b>
Blue Cross Hospital	\$0	\$15,530,000	\$15,530,000
UHC Medical	\$0	\$16,232,000	\$16,232,000
UHC MHSA	\$0	(\$11,284,000)	(\$11,284,000)
UHC Rx	\$0	\$45,263,000	\$45,263,000
<b>Total</b>	<b>\$0</b>	<b>\$65,741,000</b>	<b>\$65,741,000</b>

Both enrollment and premium projections have stabilized following the affect of the expansion of coverage for dependents to age 26 during the first quarter of 2011. This stabilization improves the carriers' ability to calculate the value of the accruing 2011 trend. While a sizeable loss is still projected for the Mental Health and Substance Abuse Program, the carriers for the other three components are now projecting modest surpluses. The largest component of the experience improvement is the \$43 million improvement in the pharma revenue for the Prescription Drug Program. Also, \$15 million of the aggregate surplus is attributable to an improvement in trend offset by the reduction in the premium projection as affected by the coverage of dependents to age 26. In addition \$7.3 million is attributable to the improvement in the 2010 claims run out as compared to the claim reserves included in the 2010 experience statements. Historically, carrier experience projections continue to improve after the second quarter projections. While the degree of experience improvement has varied over the years, at this time we are comfortable that 2011 experience will generate a moderate dividend.

### **2012 PROJECTED PREMIUM RATES**

Empire Plan carrier rate proposals for 2012 are required to be submitted to the Department by September 1<sup>st</sup>. Upon review of the documentation by the Department and Buck Consultants, we will negotiate aggressively with each of the carriers to achieve appropriate reductions in the submitted premium levels. Additionally, we will continue to use retrospective agreements with the carriers and the prudent application of dividends as well as Early Retirement Reinsurance Program (ERRP) subsidies to lower the Plan's net premiums. Our goal is to achieve the lowest rates possible for 2012 while maintaining rate stability for the coming years. Taking these rate factors into account, the Department's best estimate of the projected 2012 net premium increases, as presented in Exhibit II, are 10.1% and 9.8% for the Empire Plan and the Excelsior Plan, respectively. Future quarterly reports will reflect updates to these estimates as 2011 experience is incurred and analyzed.

The Department's estimates along with the insurance carriers' 2012 premium estimates assume the application of \$177 million in dividend across all payors. In addition, the estimates assume the application of \$48.6 million in ERRP subsidies. The difference between the Department estimates and carrier "best estimates" is primarily attributable to the removal of margin from the carrier rates that included margin. The actual amount of dividend/ERRP credits to be applied in the 2012 premium rates will be determined in October 2011 based on a number of factors including, but not limited to, the following:

- The final results of premium negotiations with the carriers which include projections of the incurred 2011 experience as well as estimates of the 2012 trend, both of which are affected by the Federal health care legislation and, possibly, future NYS legislation. Of particular note is the fact that 2011 is the final year of the Prescription Drug Contract and it is unknown how changes in contract terms and/or contractors may affect 2012 rates for that very significant component of the Plan.
- The impact of collective bargaining on the Plan's benefit design.
- The ability, or lack thereof, to stabilize the premium over time (2012–2016).
- The status of the economy, as well as the State and Local Government fiscal climate.

Exhibit III presents The Empire Plan individual and family 5-tier billing rate history since 2003. Exhibit IV presents, for illustrative purposes only, the 2-tier rate history from 2003 to 2012.

**2011 PROJECTED EMPIRE PLAN EXPERIENCE**  
**In (000's)**

	EMPIRE BLUE CROSS	UNITED HEALTHCARE MEDICAL				UHC MHSA				UHC DRUG	TOTAL
		Core	NY Enhancement	PA Enhancement	Combined	Core	NY Enhancement	PA Enhancement	Combined		
A Premium (1)	2,276,499	1,946,931	284,308	284,436	2,515,675	130,490	4,977	4,281	139,748	1,763,036	6,694,958
B Incurred Claims (2)	2,100,374	1,774,952	240,719	246,412	2,262,083	116,510	7,165	7,508	131,183	1,625,561	6,119,201
C Administrative Expense (3)	160,595	195,220	20,884	21,256	237,360	17,676	1,070	1,103	19,849	92,212	510,016
D Gain/(Loss) (A-B-C)	15,530	(23,241)	22,705	16,768	16,232	(3,696)	(3,258)	(4,330)	(11,284)	45,263	65,741

(1) Earned Premium - Premium which pays for coverage for the period reported (accrual basis).

(2) Incurred Claims - Represents the cost of covered services provided during the period reported by the insurance company (accrual basis).

(3) Administrative Expenses - All charges by the insurance carrier other than for the payment of claims. Includes carrier's cost to administer the program, interest charges, and other retention.

Source: Carriers 2011 2nd Quarter Experience Reports

## 2012 Premium Projections

### Empire Plan

<u>Department Projections</u>	<u>Monthly Gross Premium Rates (1)</u>			<u>Monthly Net Premium Rates (2)</u>		
	<u>2011</u>	<u>2012 (3)</u>	<u>% Change</u>	<u>2011</u>	<u>2012 (3)</u>	<u>% Change</u>
Individual Plan Prime	734.00	784.97	6.9%	693.92	761.42	9.7%
Family Plan Prime	1,598.49	1,711.40	7.1%	1,513.92	1,661.36	9.7%
Individual Mediprime	446.90	470.01	5.2%	405.64	455.06	12.2%
Family - 1 Mediprime	1,311.39	1,396.47	6.5%	1,225.62	1,355.00	10.6%
Family - 2+ Mediprime	1,024.28	1,081.50	5.6%	937.31	1,048.64	11.9%
<b>Aggregate</b>			<b>6.7%</b>			<b>10.1%</b>

<u>Carrier Optimistic Projections</u>	<u>Monthly Gross Premium Rates (1)</u>			<u>Monthly Net Premium Rates (2)</u>		
	<u>2011</u>	<u>2012 (3)</u>	<u>% Change</u>	<u>2011</u>	<u>2012 (3)</u>	<u>% Change</u>
Individual Plan Prime	734.00	775.87	5.7%	693.92	752.32	8.4%
Family Plan Prime	1,598.49	1,691.17	5.8%	1,513.92	1,641.13	8.4%
Individual Mediprime	446.90	463.80	3.8%	405.64	448.85	10.7%
Family - 1 Mediprime	1,311.39	1,379.09	5.2%	1,225.62	1,337.62	9.1%
Family - 2+ Mediprime	1,024.28	1,067.01	4.2%	937.31	1,034.15	10.3%
<b>Aggregate</b>			<b>7.0%</b>			<b>10.4%</b>

<u>Carrier Best Estimate Projections</u>	<u>Monthly Gross Premium Rates (1)</u>			<u>Monthly Net Premium Rates (2)</u>		
	<u>2011</u>	<u>2012 (3)</u>	<u>% Change</u>	<u>2011</u>	<u>2012 (3)</u>	<u>% Change</u>
Individual Plan Prime	734.00	806.03	9.8%	693.92	782.48	12.8%
Family Plan Prime	1,598.49	1,756.13	9.9%	1,513.92	1,706.09	12.7%
Individual Mediprime	446.90	493.94	10.5%	405.64	478.99	18.1%
Family - 1 Mediprime	1,311.39	1,444.05	10.1%	1,225.62	1,402.58	14.4%
Family - 2+ Mediprime	1,024.28	1,131.95	10.5%	937.31	1,099.09	17.3%
<b>Aggregate</b>			<b>10.0%</b>			<b>13.6%</b>

<u>Carrier Pessimistic Projections</u>	<u>Monthly Gross Premium Rates (1)</u>			<u>Monthly Net Premium Rates (2)</u>		
	<u>2011</u>	<u>2012 (3)</u>	<u>% Change</u>	<u>2011</u>	<u>2012 (3)</u>	<u>% Change</u>
Individual Plan Prime	734.00	822.53	12.1%	693.92	798.98	15.1%
Family Plan Prime	1,598.49	1,791.97	12.1%	1,513.92	1,741.93	15.1%
Individual Mediprime	446.90	505.29	13.1%	405.64	490.34	20.9%
Family - 1 Mediprime	1,311.39	1,474.75	12.5%	1,225.62	1,433.28	16.9%
Family - 2+ Mediprime	1,024.28	1,157.51	13.0%	937.31	1,124.65	20.0%
<b>Aggregate</b>			<b>12.3%</b>			<b>16.1%</b>

(1) Represents premiums charged by the carriers.

(2) Represents cost to a participating agency.

(3) Projected Rates



## 2012 Premium Projections

### Excelsior Plan

<u>Department Projections</u>	Monthly Gross Premium Rates (1)			Monthly Net Premium Rates (2)		
	<u>2011</u>	<u>2012 (3)</u>	<u>% Change</u>	<u>2011</u>	<u>2012 (3)</u>	<u>% Change</u>
Individual Plan Prime	647.47	691.29	6.8%	613.90	671.90	9.4%
Family Plan Prime	1,417.28	1,514.82	6.9%	1,346.35	1,473.37	9.4%
Individual Mediprime	381.00	397.15	4.2%	344.73	384.95	11.7%
Family - 1 Mediprime	1,150.80	1,220.66	6.1%	1,077.16	1,186.40	10.1%
Family - 2+ Mediprime	884.31	926.52	4.8%	807.97	899.48	11.3%
<b>Aggregate</b>			<b>6.4%</b>			<b>9.8%</b>

<u>Carrier Optimistic Projections</u>	Monthly Gross Premium Rates (1)			Monthly Net Premium Rates (2)		
	<u>2011</u>	<u>2012 (3)</u>	<u>% Change</u>	<u>2011</u>	<u>2012 (3)</u>	<u>% Change</u>
Individual Plan Prime	647.47	681.29	5.2%	613.90	661.90	7.8%
Family Plan Prime	1,417.28	1,492.80	5.3%	1,346.35	1,451.35	7.8%
Individual Mediprime	381.00	391.35	2.7%	344.73	379.15	10.0%
Family - 1 Mediprime	1,150.80	1,202.84	4.5%	1,077.16	1,168.58	8.5%
Family - 2+ Mediprime	884.31	912.88	3.2%	807.97	885.84	9.6%
<b>Aggregate</b>			<b>4.9%</b>			<b>8.1%</b>

<u>Carrier Best Estimate Projections</u>	Monthly Gross Premium Rates (1)			Monthly Net Premium Rates (2)		
	<u>2011</u>	<u>2012 (3)</u>	<u>% Change</u>	<u>2011</u>	<u>2012 (3)</u>	<u>% Change</u>
Individual Plan Prime	647.47	708.70	9.5%	613.90	689.31	12.3%
Family Plan Prime	1,417.28	1,551.97	9.5%	1,346.35	1,510.52	12.2%
Individual Mediprime	381.00	416.76	9.4%	344.73	404.56	17.4%
Family - 1 Mediprime	1,150.80	1,260.01	9.5%	1,077.16	1,225.75	13.8%
Family - 2+ Mediprime	884.31	968.07	9.5%	807.97	941.03	16.5%
<b>Aggregate</b>			<b>9.5%</b>			<b>13.1%</b>

<u>Carrier Pessimistic Projections</u>	Monthly Gross Premium Rates (1)			Monthly Net Premium Rates (2)		
	<u>2011</u>	<u>2012 (3)</u>	<u>% Change</u>	<u>2011</u>	<u>2012 (3)</u>	<u>% Change</u>
Individual Plan Prime	647.47	722.85	11.6%	613.90	703.46	14.6%
Family Plan Prime	1,417.28	1,582.87	11.7%	1,346.35	1,541.42	14.5%
Individual Mediprime	381.00	426.25	11.9%	344.73	414.05	20.1%
Family - 1 Mediprime	1,150.80	1,286.27	11.8%	1,077.16	1,252.01	16.2%
Family - 2+ Mediprime	884.31	989.65	11.9%	807.97	962.61	19.1%
<b>Aggregate</b>			<b>11.8%</b>			<b>15.5%</b>

(1) Represents premiums charged by the carriers.

(2) Represents cost to a participating agency.

(3) Projected Rates

**EMPIRE PLAN  
PA 5 TIER GROUP RATES  
2003 - 2012 Monthly Rates**

	Gross Rate(1)	% Change	Net Rate(2)	% Change
<b>Individual Planprime</b>				
2003	400.00	13.1%	384.89	11.7%
2004	448.00	12.0%	438.15	13.8%
2005	490.41	9.5%	478.49	9.2%
2006	547.86	11.7%	529.76	10.7%
2007	600.69	9.6%	564.84	6.6%
2008	633.79	5.5%	592.38	4.9%
2009	630.73	-0.5%	598.58	1.0%
2010	660.24	4.7%	612.34	2.3%
2011	734.00	11.2%	693.92	13.3%
2012	784.97	6.9%	761.42	9.7%
	Department Projection			
<b>Average Percent Increase</b>				
From Inception of 5 Tier Structure (1996)		8.0%		8.5%
Most Recent 10 Years		8.4%		8.3%
Most Recent 5 Years		5.6%		6.3%
<b>Family Planprime</b>				
2003	842.38	13.4%	811.41	12.1%
2004	945.29	12.2%	924.74	14.0%
2005	1,038.64	9.9%	1,013.68	9.6%
2006	1,164.16	12.1%	1,126.19	11.1%
2007	1,273.96	9.4%	1,198.07	6.4%
2008	1,346.27	5.7%	1,258.78	5.1%
2009	1,350.26	0.3%	1,282.17	1.9%
2010	1,431.43	6.0%	1,330.93	3.8%
2011	1,598.49	11.7%	1,513.92	13.7%
2012	1,711.40	7.1%	1,661.36	9.7%
	Department Projection			
<b>Average Percent Increase</b>				
From Inception of 5 Tier Structure (1996)		7.7%		8.2%
Most Recent 10 Years		8.8%		8.7%
Most Recent 5 Years		6.1%		6.8%
<b>Individual Medprime</b>				
2003	307.02	18.1%	297.50	17.2%
2004	341.87	11.4%	334.22	12.3%
2005	340.50	-0.4%	331.93	-0.7%
2006	359.35	5.5%	338.88	2.1%
2007	363.02	1.0%	333.18	-1.7%
2008	397.23	9.4%	360.41	8.2%
2009	384.38	-3.2%	359.22	-0.3%
2010	400.76	4.3%	367.37	2.3%
2011	446.90	11.5%	405.64	10.4%
2012	470.01	5.2%	455.06	12.2%
	Department Projection			
<b>Average Percent Increase</b>				
From Inception of 5 Tier Structure (1996)		5.3%		5.9%
Most Recent 10 Years		6.3%		6.2%
Most Recent 5 Years		5.4%		6.5%

- (1) Represents premiums paid to the carriers.  
(2) Represents cost to a participating agency.  
(3) Inception of Medprime Rate Structure

**EMPIRE PLAN  
PA 5 TIER GROUP RATES  
2003 - 2012 Monthly Rates**

	Gross Rate(1)	% Change	Net Rate(2)	% Change
<b>Family - 1 Medprime</b>				
2003	749.40	15.4%	724.05	14.4%
2004	839.18	12.0%	820.82	13.4%
2005	888.71	5.9%	867.09	5.6%
2006	975.66	9.8%	935.32	7.9%
2007	1,036.30	6.2%	966.44	3.3%
2008	1,109.74	7.1%	1,026.86	6.3%
2009	1,103.90	-0.5%	1,042.81	1.6%
2010	1,171.95	6.2%	1,085.94	4.1%
2011	1,311.39	11.9%	1,225.62	12.9%
2012	1,396.47	6.5%	1,355.00	10.6%
<b><u>Average Percent Increase</u></b>				
From Inception of 5 Tier Structure (1996)		6.6%		7.1%
Most Recent 10 Years		8.0%		8.0%
Most Recent 5 Years		6.2%		7.1%
<b>Family - 2 or More Medprime</b>				
2003	656.42	18.2%	636.67	17.4%
2004	733.05	11.7%	716.88	12.6%
2005	738.79	0.8%	720.53	0.5%
2006	787.16	6.5%	744.45	3.3%
2007	798.65	1.5%	734.81	-1.3%
2008	873.21	9.3%	794.94	8.2%
2009	857.54	-1.8%	803.45	1.1%
2010	912.48	6.4%	840.98	4.7%
2011	1,024.28	12.3%	937.31	11.5%
2012	1,081.50	5.6%	1,048.64	11.9%
<b><u>Average Percent Increase</u></b>				
From Inception of 5 Tier Structure (1996)		5.4%		6.1%
Most Recent 10 Years		7.0%		7.0%
Most Recent 5 Years		6.4%		7.5%

(1) Represents premiums paid to the carriers.  
(2) Represents cost to a participating agency.  
(3) Inception of Medprime Rate Structure

**EMPIRE PLAN**  
**PA 2 TIER GROUP RATES**  
**2003 - 2012 Monthly Rates**  
**(For Illustrative Purposes Only)**

	Gross Rate(1)	% Change	Net Rate(2)	% Change
<b>Individual</b>				
2003	357.44	14.0%	345.36	13.0%
2004	402.70	12.7%	394.31	14.2%
2005	433.70	7.7%	423.31	7.4%
2006	477.33	10.1%	459.25	8.5%
2007	511.23	7.1%	477.96	4.1%
2008	536.84	5.0%	498.88	4.4%
2009	527.09	-1.8%	497.91	-0.2%
2010	557.46	5.8%	515.75	3.6%
2011	621.78	11.5%	581.69	12.8%
2012 Department Projection	653.58	5.1%	631.78	8.6%
<b><u>Average Percent Increase</u></b>				
From Inception (1986)		7.6%		7.7%
Most Recent 10 Years		7.7%		7.6%
Most Recent 5 Years		5.1%		5.8%
<b>Family</b>				
2003	805.64	14.5%	778.82	13.6%
2004	899.98	11.7%	881.48	13.2%
2005	968.40	7.6%	945.11	7.2%
2006	1,073.28	10.8%	1,034.40	9.4%
2007	1,158.16	7.9%	1,084.90	4.9%
2008	1,233.38	6.5%	1,150.41	6.0%
2009	1,230.02	-0.3%	1,165.24	1.3%
2010	1,297.06	5.5%	1,203.56	3.3%
2011	1,441.84	11.2%	1,353.97	12.5%
2012 Department Projection	1,546.04	7.2%	1,495.64	10.5%
<b><u>Average Percent Increase</u></b>				
From Inception (1986)		8.1%		8.2%
Most Recent 10 Years		8.3%		8.2%
Most Recent 5 Years		6.0%		6.7%

(1) Represents premiums charged by the carriers.

(2) Represents cost to a participating agency.

## *Second Quarter Report - 2011*

### **Federal Health Care Reform**

- **Early Retiree Reinsurance Program (ERRP):** This temporary program, which will end January 1, 2014 or sooner if funding is exhausted, is intended to encourage employers to continue to provide coverage to retired employees who are not yet eligible for Medicare coverage by reimbursing 80% of the cost of claims greater than \$15,000 and less than \$90,000. On March 31, the Department filed its second claim for reimbursement under this program. The request was approved by HHS on April 21, and we received the \$40.5 million payment, which was deposited into the Health Insurance Fund. The proceeds of the reinsurance program are being used in the same manner as plan dividend to help offset future premium increases for all plan participants. HHS recently changed the reporting requirement necessary to apply for reimbursement under the ERRP. We have been working with the NYSHIP insurance carriers to comply with the new requirements and expect to file two additional claims for reimbursement in the very near future.
- **W-2 Health Cost Reporting:** The Patient Protection and Affordable Care Act (PPACA) amended the Internal Revenue Code (Code) to require employers to report the aggregate cost of employer-sponsored group health plan coverage on Form W-2 for taxable years beginning on or after January 1, 2011. The IRS has issued Notice 2011-28 [<http://www.irs.gov/pub/irs-drop/n-11-28.pdf>], which provides interim guidance for the reporting requirement. The Notice generally delays reporting of health costs on any W-2 Form until forms are generated for the 2012 tax year. Employers will not be required to report on those individuals whom there is no obligation to issue a W-2, such as retirees or COBRA enrollees. The Code requires the employer to determine the aggregate cost under rules similar to those for determining the applicable premium for COBRA continuation coverage. Additional information regarding this requirement can be found in IRS Notice 2010-26 [<http://www.irs.gov/pub/irs-drop/n-2010-69.pdf>].

Employee Benefits Division staff continues to review and monitor updates and clarifications related to Federal Healthcare Reform and its numerous provisions which NYSHIP will be required to implement in the future. We will continue to provide information as it becomes available.

### **2011 Regional Meetings for Participating Agencies**

Registration for the 2011 Regional Meetings concluded on September 9. This year's meetings will cover a wide range of topics, including financial and program updates, legislative and policy updates, and an agency services update. The meetings also provide the opportunity for PAs to ask questions of both Department of Civil Service staff and NYSHIP insurance carrier representatives. We look forward to seeing you at this year's meetings!

### **Upcoming Events**

Employee Benefits Division staff will be exhibiting on behalf of NYSHIP at the following annual events, and will be available to answer any questions you may have:

- **NYS Conference of Mayors (NYCOM) Fall Training School**  
Saratoga Hilton  
September 19<sup>th</sup> – 22<sup>nd</sup>
- **NYS Association of Counties (NYSAC) Fall Seminar**  
Crowne Plaza Lake Placid  
September 21<sup>st</sup> – 22<sup>nd</sup>
- **NYS Association of Municipal Purchasing Officials (SAMPO) Western Region Conference**  
Niagara Falls Convention Center  
October 20<sup>th</sup>
- **NYS School Boards Association Annual Convention**  
Buffalo-Niagara Conference Center  
October 28<sup>th</sup> – 29<sup>th</sup>

### **2011 Participating Agency Self-Audit**

If your agency has not yet completed the 2011 Self-Audit it is very important that you complete it as soon as possible. The Self-Audit can be accessed at <http://www.cs.state.ny.us/paaudit/index.cfm>. If a PA does not complete the Self-Audit, the Employee Benefits Division may conduct an on-site audit of an agency's records.

### **NYSHIP Coverage for Volunteer Firefighters and Ambulance Workers**

To date, 38 PAs have elected to extend coverage to qualified members of 177 volunteer fire and ambulance companies. For information on this coverage, refer to Memo PA10-29/PAEX10-25, issued September 1, 2010, which summarizes the provisions of Chapter 71 of the Laws of 2010 which amended Civil Service Law to extend NYSHIP eligibility to active members of volunteer fire and ambulance companies and to provide guidelines to PAs for administering this new legislation. As indicated in the memo, an agency is permitted, but not required, to provide coverage. PAs that elect to provide coverage are required to submit the form, *Notice of Election to Extend NYSHIP Coverage to Volunteer Firefighters and/or Ambulance Workers*, which was included with the PA Memo.

### **Agency Experience Reports**

Agency specific Empire Plan and Excelsior Plan financial experience reports are available from the Employee Benefits Division upon request. These reports are calendar year based and provide aggregate data broken down by Plan component – hospital, medical/surgical, mental health/substance abuse and prescription drug. To obtain a financial experience report, PAs may submit an official written request on agency letterhead indicating the calendar years for which reports are desired. The request may be directed to the Employee Benefits Division - Director's Office.

In recent months, several requests have been received as FOIL requests – it is not necessary to obtain them through the FOIL process. They are available as described above.

### **GASB 45 Assumptions Report and Census Data**

The 2011 Buck Consultants report *Development of Recommended Actuarial Assumptions for New York State/SUNY GASB Valuation – Participating Agency Version* is now available online at: [http://www.cs.state.ny.us/gasb\\_pa/2011PAAssumptionsReport.pdf](http://www.cs.state.ny.us/gasb_pa/2011PAAssumptionsReport.pdf). NYSHIP will provide agency census reports upon request, for use in complying with the provisions of GASB 45. Since the data included in these reports will be current at the time they are provided, it is important that an agency's NYBEAS file is up-to-date, including correctly identifying and coding retirees before requesting census data. Requests for census data can be e-mailed to: [Kevin.Hill@cs.state.ny.us](mailto:Kevin.Hill@cs.state.ny.us). Please include your name, agency name, five digit agency code, phone number and e-mail address. For additional information about GASB 45, please refer to Memos PA06-11 and PA06-18.

### **Prompt Payment of NYSHIP Premium**

The Employee Benefits Division continues to aggressively monitor agencies that fail to submit premium payments in a timely manner. This procedure includes suspension of claims for enrollees of any agency that falls three months behind in premium. To avoid disruption of NYSHIP coverage, agencies must ensure submission of premium payments by the due date, as we must submit premium to the NYSHIP insurers on time. Agencies may wish to consider submitting payments electronically to promote timely payments.

### **Availability of Reports Electronically**

The Empire Plan Experience Reports are available through the following direct link to our website: <http://www.cs.state.ny.us/ebd/ebdonlinecenter/pamarket/qer.cfm>.

### **CEO, CFO & HBA Name and Address Changes**

Agencies must notify the Employee Benefits Division of any changes in the names and/or addresses (including e-mail addresses) of agency CEOs, CFOs and/or HBAs to ensure that our mailing and contact lists are up-to-date. Any updates should be e-mailed to [Deborah.DOrazio@cs.state.ny.us](mailto:Deborah.DOrazio@cs.state.ny.us) or mailed to:

**NYS Department of Civil Service  
Employee Benefits Division – Room 529  
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